

C H I C A G O T R A N S I T A U T H O R I T Y



COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year ended December 29, 1990
Chicago, Illinois



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year ended December 29, 1990

Prepared by:

Finance Branch



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Chicago Transit Authority

Merchandise Mart Plaza, P.O. Box 3555
Chicago, Illinois 60654
(312) 664-7200

June 30, 1991

**Chairman and Members of the Chicago Transit Board
Chicago Transit Authority
Chicago, Illinois**

This is the Comprehensive Annual Financial Report of the Chicago Transit Authority for the fiscal year ended December 29, 1990. This report has been prepared according to the guidelines recommended by the Government Finance Officers Association of the United States and Canada.

Responsibility for the accuracy and completeness of the data presented in the report rests with the Authority. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the Chicago Transit Authority. Disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, a list of principal officials, the Authority's organization chart at year end, and the service area map. The financial section includes the general purpose financial statements, as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial, operating and demographic information, generally presented on a multi-year basis.

The Authority is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. The single audit for the fiscal year ended December 29, 1990 is due for submission to the cognizant agencies by the end of 1991, and has not yet been completed. Any interested party may obtain a copy of the single audit for the prior fiscal

year, or may receive the 1990 report when available, by contacting the office of the Deputy Executive Director, Finance.

The Authority also complies with the reporting provisions of Sections 9 and 15 of the Urban Mass Transportation Act of 1964 (as amended), and submits an annual financial and operating report to the Urban Mass Transportation Administration in a required format. This format is not in accordance with generally accepted accounting principles, but represents a uniform report and chart of accounts for the transit industry. The report for the year ended December 29, 1990 is now available and may be obtained by contacting the office of the Deputy Executive Director, Finance.

THE REPORTING ENTITY

The Authority is a municipal corporation, formed in 1945 by the State of Illinois for the purpose of operating and maintaining a transportation system in the metropolitan area of Cook County. CTA provides service primarily to the City of Chicago and its adjacent suburbs.

The governing and policy-making body of the CTA is the Chicago Transit Board, consisting of seven members. Three members of the Board are appointed by the Governor of the State of Illinois, and four members are appointed by the Mayor of the City of Chicago. The Chairman of the Transit Board is elected from among the seven Board Members. Clark Burrus has served as Chairman since 1988.

The chief operating officer of the Authority is the Executive Director. Alfred H. Savage was appointed to this position in May of 1990. Before that time, Bernard J. Ford held the position on an acting basis.

The Authority staff was reorganized in 1990 into seven major divisions, each headed by a Deputy Executive Director. These divisions are Operations; Maintenance; Human Resources; Finance; Budget, Planning & MIS; Capital Planning & Construction; and Administration. The units are organized along functional lines.

As disclosed in the financial section of this report (Notes to Financial Statements), the Authority has reviewed its reporting entity definition in the light

of conformance with Governmental Accounting Standards Board accounting standards and has included all accounts and activities for which it has oversight responsibility. The Retirement Plan for Chicago Transit Authority Employees does not meet the established criteria for inclusion in the reporting entity, and accordingly is excluded from this report.

The Authority is one of three regional transit agencies for which the Regional Transportation Authority (RTA) has budgetary review responsibility. The Authority is not considered a component unit (as defined by governmental accounting standards) of the RTA since that body does not select the governing authority of the Chicago Transit Authority, or designate its management.

During 1990, the Governmental Accounting Standards Board issued an exposure draft of a proposed statement which would establish new criteria for defining the reporting entity. Under the proposed statement, CTA may be considered a component unit of the City of Chicago.

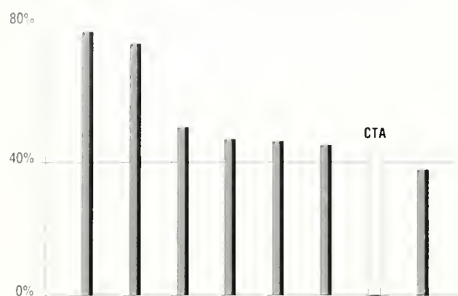
OPERATIONS, ECONOMIC CONDITION AND OUTLOOK

CTA is the second largest public transit system in the United States. The Authority operates a fixed route bus service over approximately 1400 route miles, utilizing a fleet of more than 2200 buses and providing about 1.4 million passenger trips on the average weekday. The Authority also operates approximately 1200 rapid transit cars on over 200 miles of track in the provision of about .6 million rail trips per average weekday. In addition to fixed route service, the Authority also furnishes a Special Service Program for the disabled through private sector carriers. The Special Service Program provided approximately 3000 door-to-door trips per weekday in 1990. All three modes of service operate 24 hours daily.

CTA, according to 1989 U.S. industry figures, is second only to New York City in the number of vehicles operated in peak service. The Authority has lagged behind other transit agencies, however, in public assistance available for both operations and for capital projects. The local public assistance contribution (that is, the percentage of operating expense funded through state or local subsidy) of the eight largest transit entities ranged, in 1989, from 37.6% to a

high of 77.0%, with a mean of 52.2%. The local public assistance contribution to CTA was +1.2%, and was only greater than that of the New Jersey Transit Corp. in Newark. Along with this record in operating assistance, CTA has ranked among the lowest in the number of dollars provided for capital improvements among these nine entities for the last several years.

Local Public Assistance for Operations 1990



Because of this lower public assistance, the Authority generally finds it necessary to impose higher fares than some large cities and has also been forced to postpone many maintenance and capital improvement projects. Over the past decade the CTA has been forced to contend with an aging bus fleet which has required extensive maintenance to continue in service. Increased federal requirements such as those of the Clean Air Act or the Americans with Disabilities Act of 1990 have also

increased costs and will continue to do so.

CTA turned to two new sources of funds in 1990 in order to meet a tightly constrained operating budget. In April, a new fare structure was implemented which allowed riders to choose from a variety of fare instruments, amid a range of prices. Discounted fares in many categories encouraged increased ridership, while passengers who opted for undiscounted (and easier) cash payments provided increased revenue.

The Authority also received \$31.1 million in 1990 from the State of Illinois for reduced fare reimbursements. While these funds are a comparatively small part of 1990 revenues, a fare increase of approximately 10% would be needed to replace them. This funding is threatened in 1991, and may be eliminated from the 1991-1992 State budget.

Compounding operating budget problems, the federal government has threatened the elimination or reduction of federal operating assistance to mass transit. CTA has received about \$10 million of operating funds per year from this source.

On the capital side, 1989 State legislation that will provide approximately one billion dollars to the region in capital renewal funding over the next five years began in 1990. CTA can expect to receive about one-half of these funds and can begin to make, at least on a limited basis, the capital investment which is necessary to preserve the physical plant.

Conversely, continued federal funding, which has been the backbone of the capital program, has been threatened by proposed legislation which would require increased local share, potentially reducing the impact of the additional State funding.

MAJOR INITIATIVES

Operating

Changes in service provided and in service usage between 1989 and 1990 were minimal. In spite of a complex change in fare structure, overall ridership changed very little. Rail passenger trips declined to a small extent, while the average trip length on both bus and rail services became marginally shorter.

<i>(millions of miles)</i>	Fiscal Year		Percent
	1990	1989	Inc. (Dec.)
Vehicle miles in revenue service			
Bus	72.5	72.8	(0.4) %
Rail	56.6	54.6	3.7 %
Demand response	4.7	4.5	4.4 %
Total revenue miles	<u>133.8</u>	<u>131.9</u>	1.4 %
Passenger miles traveled			
Bus	979.1	1034.1	(5.3) %
Rail	1019.3	1050.9	(3.0) %
Demand response	7.5	7.4	1.4 %
Total passenger miles	<u>2005.9</u>	<u>2092.4</u>	(4.1) %
Passenger trips			
Bus	422.1	420.6	0.4 %
Rail	165.7	168.7	(1.8) %
Demand response	0.9	0.9	0.0 %
Total passenger trips	<u>588.7</u>	<u>590.2</u>	(0.3) %

Despite its difficult financial environment, CTA continued to operate a safe and reliable service in 1990. Some of the more notable achievements are described below.

Safety. In 1990, the excellent safety record of the Authority reached superior levels. The average accident rate (traffic and passenger accidents per 100,000 miles operated) in the 1980s was 4.9 per 100,000 miles; this rate fell to 3.9 accidents in 1990. Management believes these results to be directly attributable to various training and incentive programs which focus on safety.

Security. Another major objective of the Authority related to increased passenger security. New security programs included expanded uniformed police patrol and police dog teams, better visibility at rail stations and security cam-



▲ In 1991, security guards monitor closed-circuit transmission from rail stations on a 24-hour basis.

recorders on buses. These actions produced results; after a substantial drop in major crimes between 1988 and 1989, an additional decline of 2% was posted on both the rail and bus systems for 1990. Plans for closed-circuit cameras on rail platforms, pedestrian connectors and testing of an emergency vehicle location system will be implemented in 1991. The emergency vehicle location system will identify within ten feet the location of a bus which has activated an emergency signal.

Reliability. CTA also continued to improve its service reliability record in 1990, meeting 99% of its scheduled runs for both bus and rail service. In order to meet scheduled runs, a vehicle must be available and depart when scheduled. The CTA must fill a schedule of approximately 3,400 bus and 280 train runs each weekday. Customer relations also improved measurably on routes serviced by bus garages and terminals which were part of the "Red Carpet" program in 1990. This program provides special training to operating employees to improve their on-the-job performance in dealing with the riding public.

Community participation. The Authority initiated a new program during the year which encourages community involvement in rail line rehabilitation. The "Adopt-a-station" program completed its first project in 1990 when the Argyle station on the Howard line was refurbished and a pagoda-like roof which reflects the character of the surrounding community was constructed. Funds for



▲ Argyle Station Pagoda,
a joint effort of CTA and the
surrounding community

the roof were provided in part by local business and community groups who agreed to participate financially in the project.

By carefully ordering its priorities, CTA will undertake new programs of strategic importance in 1991 despite funding restraints. Lift-equipped mainline service, accessible to the handicapped, will

be implemented on approximately one-third of all bus routes. Other new programs include modernization of computer systems and the expansion of the Red Carpet program to four terminals and three garages. In the computer systems area, major upgrades will be initiated in materials management, payroll and revenue collection.

Capital Improvement Program

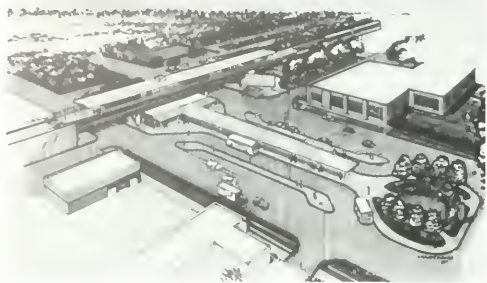
During 1990, the Authority was awarded new or increased capital grants of more than \$400 million, which raised the current program to more than one billion dollars. In order to oversee this massive effort, capital construction activities were reorganized with added staff and procurement procedures were streamlined. As a result, the "backlog" of uncommitted grants was greatly reduced during the year.

The Authority made strides during 1990 to modernize what had become the oldest bus fleet of any major transit system in North America. Forty-eight lift equipped buses were delivered during the year, and contracts are in place which will provide a total of 961 new buses by the end of 1991. Almost one-half of the existing fleet will be renewed under this program. Virtually all of these new buses are lift equipped and will allow CTA to greatly expand accessible service to the handicapped in 1991.

Work began under a long-term contract for the construction of 256 rail cars, and it is expected that a prototype car will be produced during 1991 and delivery will begin in 1992. Progress was also made on a contract for the rehabilitation of 234 rail cars.



▲ Lifts will facilitate bus use
by handicapped passengers.



▲ The artist's rendering of the Western-49th station on the new Southwest rail line

The Authority, in conjunction with the City of Chicago, has undertaken major rapid transit route realignment and extensions with construction of the Southwest Transit extension to Midway Airport and the connection of the Howard Dan Ryan service as one line. The Southwest transit line, which is the first addition to rail service since 1984, will commence operations in the fall of 1992 and it is

planned that Howard Dan Ryan service will begin in the summer of 1992.

Other projects which were completed or saw significant progress during the year were renovations of various rail and bus maintenance facilities; track, structure and station renewal; garage and warehouse replacements. Contracts were approved during 1990 for track renewal projects on the State Street Subway and along the Skokie, Ravenswood and Douglas rail lines.

Projects in the planning stage include the replacement of Linden station, along with installation of a new train control system at Linden terminal; the construction of a new bus garage to be located at Chicago Avenue near Pulaski and another at 74th and Wood; escalator rehabilitation at 13 rail stations on the Dan Ryan line; new air conditioning units for 300 rail cars; transformer upgrade at various substations; the replacement and upgrade of fare collection equipment, along with upgrades of various computer systems. An Automatic Vehicle Locator system will be installed, which will provide the ability to monitor service performance, and will allow quick adjustments to service patterns as needed.

A Closer Look

Each year, the CTA Comprehensive Annual Financial Report includes a closer look at one aspect of operations. This report focuses with pride on Red Carpet Service, a training program designed to foster quality service.

All transit systems are faced with the problem of providing quality service at an affordable price for the passenger and within funding constraints. As in a number of industries, it is the service rendered by employees that has the most



▲ *Red Carpet Service seminars are designed to help employees better themselves through peer interaction, role-playing and open discussion.*

The premise of Red Carpet Service is that the manner in which transit service is delivered by a team of workers is as important as the service itself.

A pilot program was developed in 1988 to address the most frequent areas of passenger complaints, and to enhance teamwork, personal pride, and individual attention to passengers. An eight-hour program was designed to include



▲ *Red Carpet Service employees are awarded shoulder patches demonstrating their successful completion of the seminar.*

immediate and lasting impression on customers.

While past programs have been successful in assuring safe, reliable service, passengers expect and deserve more than on-time arrival and a safe trip — they deserve *quality* service.

Recognizing this fact, the Authority's Operations Branch has developed a program that improves customer relations by fostering high quality service.

all levels of union and management employees in both Operations and Maintenance branches. Each session was made up of a cross-section of all employees to underscore the teamwork concept. The learning environment in each seminar was relaxed and non-threatening. Module content was focused on ways to improve passenger relations by discussing experiences, the idea of "professionalism", and teamwork.

The pilot program was continued throughout 1989 on the Ravenswood service and on three bus routes: Routes #63, 63rd St.; #66, Chicago Ave.; and #155, Devon Ave. Rule violations by participating employees dropped by 47%. The complaint to commendation ratio, which usually results in eight passenger complaints about operating personnel for each commendation, improved to one commendation per complaint on the Red Carpet Service test routes.

These results were evidence that Red Carpet Service is a concept that works. 1990 saw an expansion of the program to the rest of North/South rail lines, Kedzie and 69th St. By the end of 1991, the program will be expanded to the entire West Rail section, and 77th St., North Park and Forest Glen garages.

FINANCIAL INFORMATION

Accounting System and Budgetary Control

The Chicago Transit Authority uses the accrual method of accounting similar to that employed by private concerns. Under the accrual method of accounting, revenues are recorded when earned and expenses are recorded when incurred.

Management of the Authority is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the Authority are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived; and that the evaluation of cost and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the Authority's internal accounting controls are reasonable under the existing budgetary constraints and adequately safeguard assets and provide reasonable assurance of proper recording of all financial transactions.

Single Audit. As a recipient of federal, state, and RTA financial assistance, the Authority is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is subject to periodic evaluation by management and the internal audit staff of the Authority.

As a part of the Authority's single audit, tests are made to determine the adequacy of the internal control system, including that portion related to federal financial assistance programs, as well as to determine that the Authority has complied with applicable laws and regulations. The results of the Authority's single audit for the fiscal year ended December 30, 1989 provided no instances of material weaknesses in the internal control system or significant violations of applicable laws and regulations.

Budgeting Controls. In addition, the Authority maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget appropriated by the Chicago Transit Board and approved by the Regional Transportation Authority. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established for total operating expenses. The Authority also maintains a Position Control System, which requires that every job which is not part of scheduled transit operations be budgeted on an annual basis.

1990 Financial Results

Various economic events of 1990 produced financial results which differed considerably from those of 1989. Both operating expenses and system revenues increased substantially over the prior year. Changes in the major classes of operating expense and system revenue are shown in the following summary:

<i>(millions of dollars)</i>	Fiscal Year 1990	1989	1989 % Inc. (Dec.)
Operating Expenses			
Labor	539.5	508.4	6.1 %
Material, supplies	66.8	56.6	18.0 %
Fuel for revenue equipment	18.8	13.8	36.2 %
Power for revenue equipment	20.1	22.3	(9.9) %
Provision for injuries and damages	22.4	17.6	27.3 %
Other	60.8	58.4	4.1 %
Total	<u>728.4</u>	<u>677.1</u>	7.6 %
System Revenues			
Farebox	266.9	243.0	9.8 %
Pass revenues	68.7	75.3	(8.8) %
Total fares	335.6	318.3	5.4 %
Reduced fare reimbursements	34.4	13.2	160.6 %
Advertising, other	8.2	7.0	17.1 %
Interest	6.3	6.1	3.3 %
Contribution from local governments	5.0	5.3	(5.7) %
Total	<u>389.5</u>	<u>349.9</u>	11.3 %

Operating Expense. Labor cost, which includes fringe benefit expenses, increased by 6.1% in 1990 as a result of labor contract provisions, and higher fringe benefit rates. Labor effort was also greater than the prior year due to extraordinary maintenance on old buses made necessary when the delivery of

new buses was delayed. The impact of this increased maintenance was also experienced in material usage, which increased by 18% over 1989.

Fuel costs increased substantially as fuel prices soared during the Gulf crisis. These costs were partially offset by savings in propulsion power expense due to rate reductions ordered by the Illinois Commerce Commission.

The provision for injuries and damages was increased because of the effects of a large payout experienced during 1990. Other expense increases were primarily due to increased security expenditures and contract maintenance.

System Revenue. As discussed earlier, fares were restructured in late April of the year. The new structure provided a 5.4% increase in revenue, and caused many pass-buyers to shift to tokens, which were steeply discounted.

The reduced fare reimbursement program is a State grant, which partially replaces the discount given to elderly, disabled and student riders, and was in effect for a full year in 1990, as compared to a half-year in 1989. The amounts reimbursed in 1990 were also affected by the fare restructure, which increased the individual discount given.

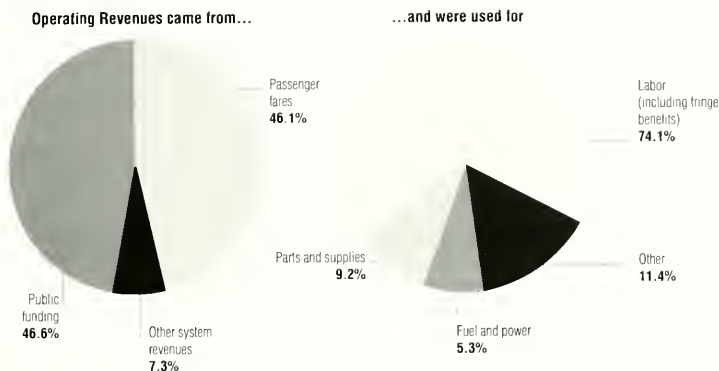
Advertising revenue increased, primarily due to write-offs suffered in 1989. Interest income increased as a result of higher cash balances when group insurance reserves were returned to the Authority upon becoming self-insured. Contributions from local governments fell to their normal level of \$5.0 million; 1989 contributions included the last recognition of income afforded to CTA from the dissolution of the CUTD in 1983.

Public subsidy of the operating deficit, in the form of RTA operating assistance, increased by 2.5% over 1989. In the same period, the inflation rate was 5.5%, as gauged by the Consumer Price Index, Chicago Urban Wage Earners and Clerical Workers.

The Authority exceeded 1990 budgeted operating expenditures by approximately \$8.9 million, although these expenditures were offset by revenues in excess of budget. An amending ordinance, which authorized the additional expenditure, was acted upon by the Transit Board at its March, 1991 regular meeting. Public funding for the operating deficit was \$327.6 million, and was

\$7.6 million less than the amount approved in the RTA 1990 budget. Under RTA funding policies, CTA receives the budgeted funding for the deficit and retains the excess as deferred operating income. These funds are then reprogrammed for other uses in future years, with RTA's concurrence.

1990 OPERATIONS



Cash Management

Public Act 84-958, Ch. 85, Section 902, (Illinois Revised Statutes), requires that the funds of the Authority be deposited in regularly established national and state banks, savings and loan associations, and credit unions authorized to do business in Illinois, all of which must be insured by FDIC, FSLIC or by applicable law, respectively. Investments can also be made in obligations of the United States Treasury and other federal agencies, direct obligations of any bank, and short-term commercial paper. Repurchase agreements are required to be held by a custodial bank.

It is the Authority's policy that all repurchase agreements and certificates of deposit not covered by federal depository insurance must be collateralized by securities in an amount of at least 103% by direct obligations of the United States Treasury or 108% of other federal agencies. While not insured or collateralized, investments in commercial paper are limited to the highest classification as established by two major rating services.

Within these limitations, the Authority pursues a vigorous investment program. All available funds bear interest. The composition of invested balances at year ends are as follows:

<i>(thousands of dollars)</i>	12/29/90		12/30/89	
	Amount	%	Amount	%
Fully collateralized repurchase agreements	\$ 9,965	16.6%	\$26,700	45.2%
Commercial paper	20,863	34.7	12,989	22.0
U.S. Treasury securities	23,930	39.8	11,007	18.6
Investments	54,758	91.1	50,696	85.8
Fully collateralized certificates of deposit	5,320	8.9	8,420	14.2
Total	\$60,078	100.0%	\$59,116	100.0%

The portfolio differed considerably in composition between 1989 and 1990 because of changes in the investment yield curve. Short term rates were preferential in 1989, but long term rates were more attractive in 1990.

Total investment income for fiscal 1990 was approximately \$6.3 million. Of this amount \$5.7 million was earned on an average investable balance of \$69.9 million, providing an average yield on investment of 8.08%. The balance of interest earned, \$.6 million, was passed through to the Authority by RTA and paid by the State in connection with delayed sales tax payments.

Risk Management

Group Health Insurance. The Authority is chiefly self-insured as to group health insurance. Approximately \$16.6 million was reserved for incurred but not reported claims at year end.

Workers Compensation. The Authority is self-insured as to Workers Compensation. Open claims at the end of 1990 totalled 2,966 and approximately \$17.0 million was reserved for future payouts.

Real and Personal Property. The Authority has a blanket insurance policy covering risks such as flood, earthquake and fire at its various facilities. Property and contents are covered for up to \$30 million per occurrence with \$2 million deductible applying to building and contents and \$5 million deductible relative to buses and railcars.

General Liability. As described in the Notes to Financial Statements, the CTA provides for general liability claims in a Damage Reserve fund. Supplementing the fund is an agreement with RTA which would provide financial assistance in the case of catastrophic loss.

OTHER INFORMATION

Independent Audit

Various legislative provisions require an annual audit by independent certified public accountants. The accounting firm of Deloitte & Touche performed the work for 1990 and prior auditors Ernst & Young performed the work for the 1989 fiscal year. In addition to meeting the requirements noted above, the audit also was designed to meet the requirements of the federal Single Audit Act of 1984 and related OMB Circular A-128, and the requirements of Sections 9 and 15 of the Urban Mass Transportation Act of 1964 (amended).

Honors and Awards

The Government Finance Officers Association of United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Chicago Transit Authority for its comprehensive annual financial report for the fiscal year ended December 30, 1989.

In order to be awarded a Certificate of Achievement, the entity must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Authority has received a Certificate of Achievement for the last two consecutive years. We believe our 1990 report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for inclusion in the current award program.

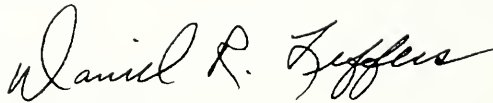
Acknowledgements

Special thanks for the preparation of the comprehensive annual financial report go to Virginia Wendorf, manager of the department of Financial Reporting and Analysis, and department staff members Michael Cikara, James Connelly, Marvin Miretzky and Finola Seider. Further appreciation is extended to the division of Marketing Services, the office of the Secretary of the Board and to the various department heads and employees who contributed to the report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Savage". The signature is stylized with a large, sweeping initial "S" and a trailing flourish.

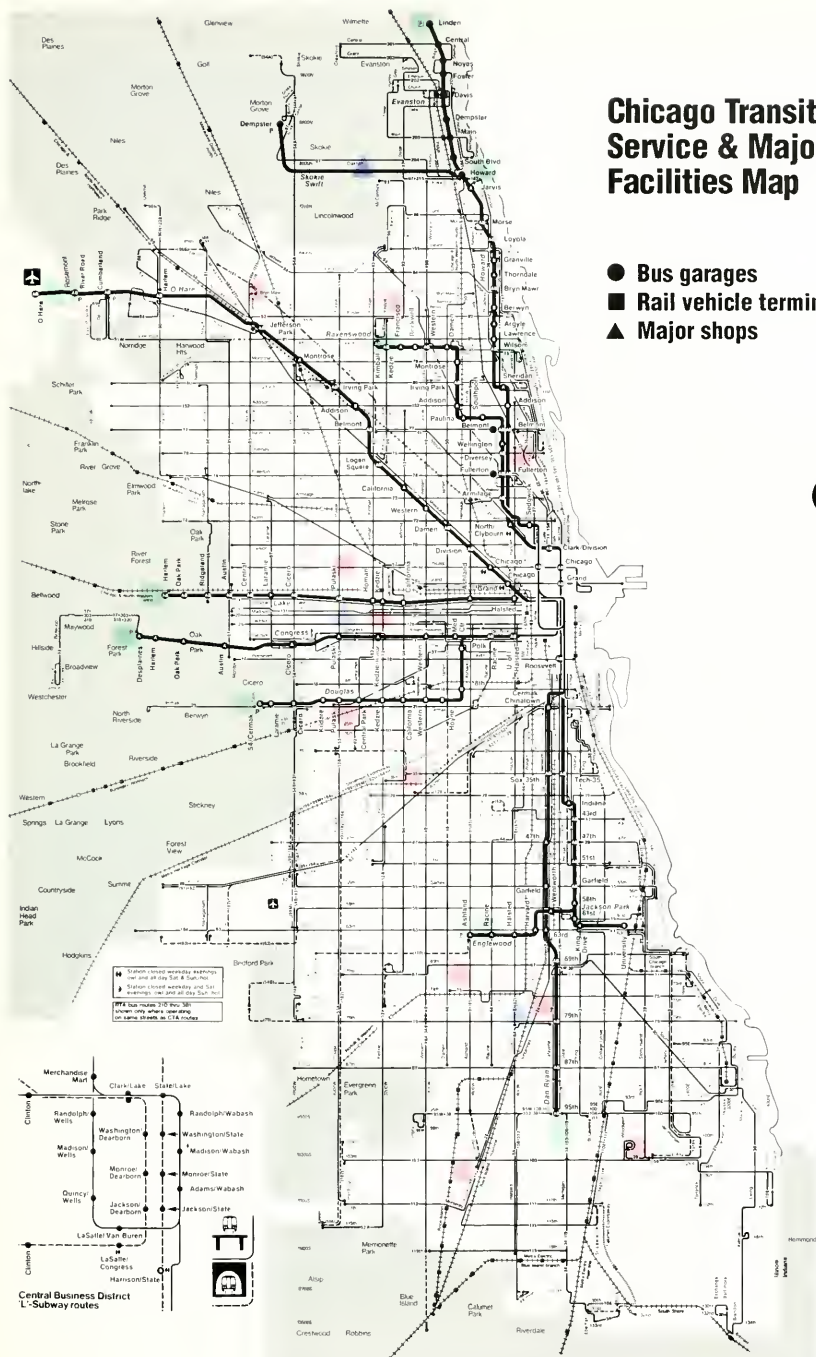
Alfred H. Savage,
Executive Director

A handwritten signature in black ink, appearing to read "Daniel R. Leffers". The signature is written in a cursive style with a large initial "D" and a trailing flourish.

Daniel R. Leffers,
Deputy Executive Director, Finance

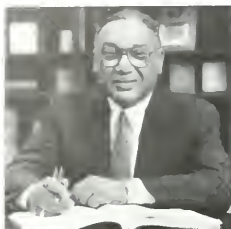
Chicago Transit Authority Service & Major Maintenance Facilities Map

- Bus garages
- Rail vehicle terminals
- ▲ Major shops



CHICAGO TRANSIT AUTHORITY

Board Members and Principal Officials



Clark Burrus
Chairman

Board Members

Clark Burrus, *Chairman*
James I. Charlton
Natalia Delgado
J. Douglas Donenfeld
Kim B. Fox
Arthur F. Hill, Jr.
Milton Holzman

Appointed by

Mayor, City of Chicago
Mayor, City of Chicago
Mayor, City of Chicago
Governor, State of Illinois
Governor, State of Illinois
Mayor, City of Chicago
Governor, State of Illinois

Term Expiration Date

September, 1992
September, 1994
September, 1993
September, 1993
September, 1997
September, 1993
September, 1995



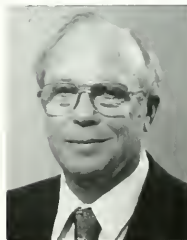
Natalia Delgado



J. Douglas Donenfeld



Arthur F. Hill, Jr.



Milton Holzman



James I. Charlton



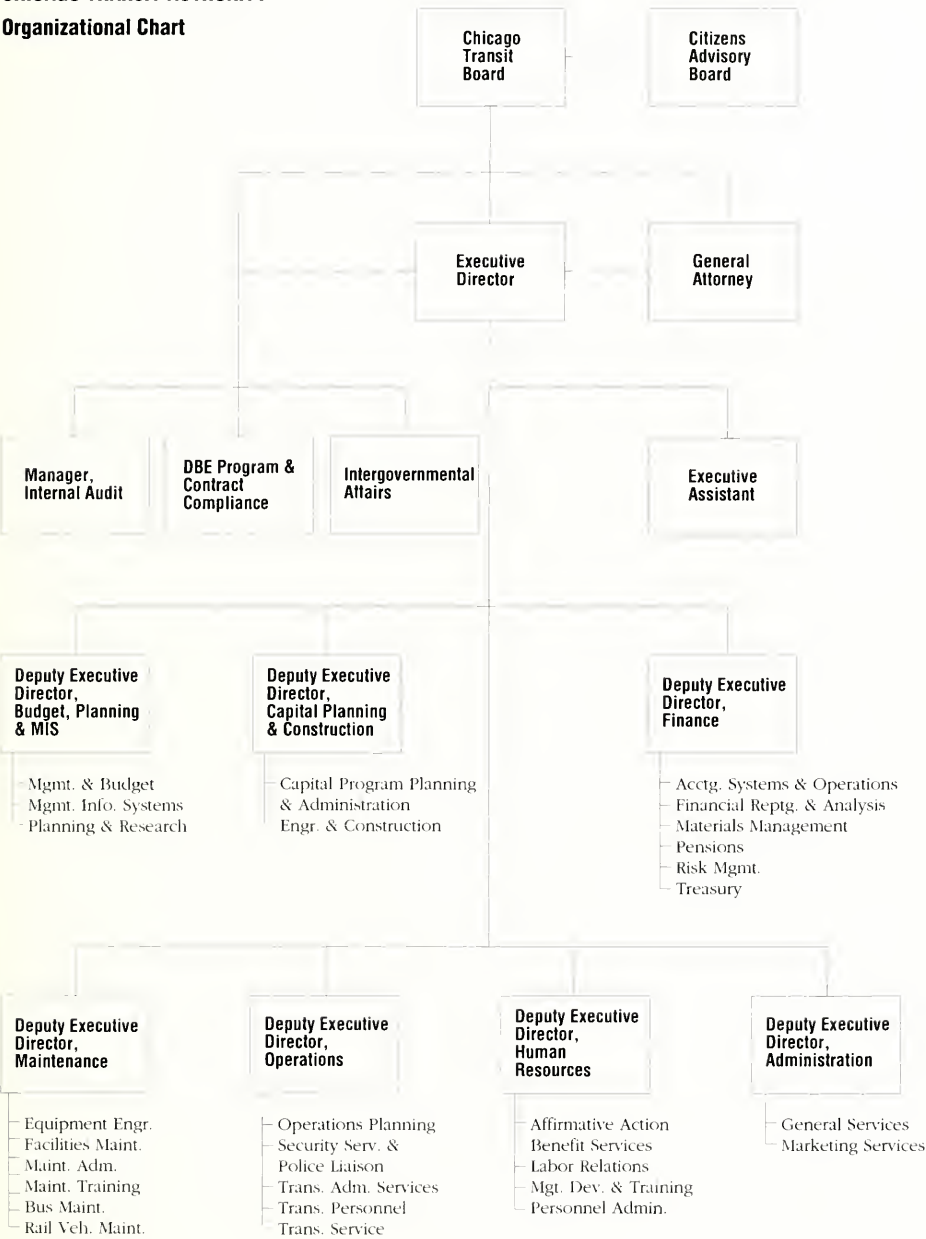
Kim Fox

Principal Officials

Alfred H. Savage, *Executive Director*
John S. Santoro, *Secretary of the Board*
Anthony M. Mandolini, *Treasurer*
William H. Farley, Jr., *General Attorney*

CHICAGO TRANSIT AUTHORITY

Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Chicago Transit
Authority, Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 1989

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Gary R. Horsthem

President

Jeffrey L. Esler

Executive Director

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Chicago Transit Board

Chicago Transit Authority

We have audited the accompanying balance sheet of the Chicago Transit Authority (an Illinois municipal corporation) as of December 29, 1990 and the related statements of expenses, revenue and accumulated deficit, and cash flows for the fiscal year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Chicago Transit Authority for the fiscal year ended December 30, 1989 were audited by other auditors, whose report dated April 27, 1990 expressed an unqualified opinion on such statements.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Chicago Transit Authority at December 29, 1990 and the results of its operations and changes in its financial position for the fiscal year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements for the fiscal year ended December 29, 1990 taken as a whole. The accompanying schedule listed as Supplementary Information in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements of the Chicago Transit Authority. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to those financial statements taken as a whole.

Deloitte & Touche

May 3, 1991

**CHICAGO TRANSIT AUTHORITY
BALANCE SHEETS**

ASSETS

	Notes	December 29, 1990	December 30, 1989
CURRENT ASSETS			
Cash and cash equivalents		\$ 29,013,762	\$ 43,288,885
Investments		31,064,461	15,826,807
Total cash equivalents and investments (including restricted assets of \$53,094,126 in 1990 and \$42,094,727 in 1989)	4,6	60,078,223	59,115,692
Grants receivable:			
Due from the RTA	5	79,635,908	52,617,629
Capital improvement projects from federal and state sources		12,054,427	4,425,226
Other		1,707,245	3,394,587
		93,397,580	60,437,442
Accounts receivable		11,112,533	9,513,417
Materials and supplies		58,599,739	55,416,436
Prepaid expenses and other assets		2,986,170	4,730,494
Total current assets		226,174,245	189,213,481
OTHER ASSETS			
Investments designated for employees' deferred compensation plan	4,7	127,585,356	113,849,592
Cash and investments held by Trustee for supplemental retirement plan	9	5,405,859	4,924,175
		132,991,215	118,773,767
TRANSPORTATION PROPERTY AND EQUIPMENT			
	8		
Land		18,717,278	18,508,459
Buildings		329,401,757	306,486,476
Transportation vehicles:			
Rail		518,353,447	505,240,472
Bus		236,609,840	223,326,148
Elevated structures, tracks, tunnels and power system		365,060,436	354,315,061
Signals		106,635,954	103,521,868
Other equipment		59,876,770	53,178,266
		1,634,655,482	1,564,576,750
Less accumulated depreciation		(647,788,901)	(589,197,720)
		986,866,581	975,379,030
TOTAL ASSETS		\$1,346,032,041	\$1,283,366,278

See notes to financial statements.

LIABILITIES AND FUND EQUITY

	Notes	December 29, 1990	December 30, 1989
CURRENT LIABILITIES			
Bank overdraft		\$ 10,082,569	\$ 6,865,852
Accounts payable		47,096,940	46,924,682
Current portion of group health and workers' compensation insurance liability	6	22,000,000	9,000,000
Accrued payroll, vacation pay and related liabilities		53,143,368	48,880,672
Deferred passenger revenue		4,907,650	4,087,224
Advances, deposits and other		24,374,982	22,622,986
Estimated current portion of injury and damage reserve	6	13,500,000	9,400,000
Deferred operating assistance	5	11,799,431	3,664,247
Total current liabilities		186,904,940	151,445,663
LONG-TERM LIABILITIES			
Group health and workers' compensation insurance liability, less current portion	6	11,514,722	6,434,000
Accrued vacation pay, less current portion	6	7,106,985	4,158,934
Injury and damage reserve, less current portion	6	31,089,879	37,581,464
Employees' deferred compensation plan	7	127,585,356	113,849,592
Accrued pension costs	9	132,739,510	121,419,510
Supplemental retirement plan	9	5,414,935	4,950,052
Other long-term liabilities		2,132,253	2,273,500
Total long-term liabilities		317,583,640	290,667,052
Total liabilities		504,488,580	442,112,715
EQUITY			
Contributed capital	10	1,017,600,645	1,001,999,064
Accumulated deficit	11	(176,057,184)	(160,745,501)
Total equity		841,543,461	841,253,563
TOTAL LIABILITIES AND FUND EQUITY		<u>\$1,346,032,041</u>	<u>\$1,283,366,278</u>

CHICAGO TRANSIT AUTHORITY
STATEMENTS OF EXPENSES, REVENUE AND ACCUMULATED DEFICIT

		Fiscal Year Ended	
		December 29, 1990	December 30, 1989
	Notes		
OPERATING EXPENSES	Labor	\$539,495,177	\$508,419,629
	Materials and supplies	66,795,298	56,544,608
	Fuel	18,808,691	13,836,807
	Electric power	20,055,268	22,308,054
	Provision for injuries and damages	22,400,000	17,612,100
	Maintenance and repairs, utilities, rent and other	60,878,039	58,424,252
		728,432,473	677,145,450
	Provision for depreciation	62,125,093	59,464,481
		790,557,566	736,609,931
SYSTEM-GENERATED REVENUE	Fare box revenue	266,938,823	243,001,804
	Pass revenue	68,699,505	75,292,046
		335,638,328	318,293,850
	Reduced fare reimbursements	34,405,874	13,167,935
	Advertising and concessions	4,391,525	3,411,342
	Interest income	6,304,814	6,132,003
	Contributions from local governmental units	5,000,000	5,348,627
	Other revenue	3,734,650	3,497,671
		389,475,191	349,851,428
PUBLIC FUNDING FROM RTA	Operating expenses in excess of system-generated revenue	401,082,375	386,758,503
	Operating assistance	5 327,637,282	319,867,023
	Net loss	73,445,093	66,891,480
	Add credit arising from transfer of provision for depreciation of transportation property and equipment acquired through capital grants	10 58,133,410	54,949,083
ACCUMULATED DEFICIT	Increase in accumulated deficit	15,311,683	11,942,397
	Accumulated deficit—beginning of year	160,745,501	148,803,104
	Accumulated deficit— end of year	\$176,057,184	\$160,745,501

See notes to financial statements.

CHICAGO TRANSIT AUTHORITY STATEMENTS OF CASH FLOWS

	Fiscal Year Ended	
	December 29, 1990	December 30, 1989
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating expenses in excess of system-generated revenue	\$(401,082,375)	\$(386,758,503)
Adjustments to reconcile operating expenses in excess of system-generated revenue to net cash used in operating activities:		
Depreciation	62,125,093	59,464,481
Interest income related to noncapital financing activities	(6,304,814)	(6,132,003)
Operating grants from local governments	(5,000,000)	(5,348,627)
Change in assets and liabilities:		
Increase in accounts receivable	(1,599,116)	(4,685,943)
Increase in materials and supplies	(3,183,303)	(4,121,727)
Decrease (increase) in prepaid expenses and other assets	2,511,389	(2,361,027)
Increase in supplemental retirement plan assets	(481,684)	(457,782)
Increase in grants receivable	(15,209,255)	(13,167,935)
Increase in accounts payable	172,258	7,258,175
Increase (decrease) in accrued payroll, vacation pay and related liabilities	7,210,747	(1,988,240)
Increase in group health and workers' compensation insurance liability	18,080,722	2,434,000
Increase in deferred passenger revenue	820,426	991,280
Increase (decrease) in advances, deposits and other	4,909,946	(435,971)
Decrease in injury and damage reserve	(2,391,585)	(1,415,127)
Increase in accrued pension costs	11,320,000	6,709,336
Increase (decrease) in other long-term liabilities and supplemental retirement plan	323,636	(1,545,050)
Net cash used in operating activities	(327,777,915)	(351,560,663)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants from RTA	333,958,018	319,038,730
Operating grants from local governments	5,000,000	5,000,000
Net cash provided by noncapital financing activities	338,958,018	324,038,730
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Payments for acquisition and construction of assets	(86,944,207)	(43,927,294)
Capital grants received	67,972,169	46,547,656
Net cash (used in) provided by capital financing activities	(18,972,038)	2,620,362
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(51,041,503)	(36,047,243)
Proceeds from redemption or maturity of investments	35,803,849	27,814,184
Interest received on investments	5,537,749	6,050,441
Net cash used in investing activities	(9,699,905)	(2,182,618)
CASH, CASH EQUIVALENTS AND BANK OVERDRAFT		
Net decrease in cash, cash equivalents and bank overdraft	(17,491,840)	(27,084,189)
Cash, cash equivalents and bank overdraft—beginning of year	36,423,033	63,507,222
Cash, cash equivalents and bank overdraft—end of year	18,931,193	36,423,033
Add bank overdraft	10,082,569	6,865,852
Cash and cash equivalents—end of year	\$ 29,013,762	\$ 43,288,885

See notes to financial statements.

CHICAGO TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED DECEMBER 29, 1990 AND DECEMBER 30, 1989

1. ORGANIZATION DATA

The Chicago Transit Authority ("CTA") was formed in 1945 pursuant to the Metropolitan Transportation Authority Act passed by the Illinois Legislature. The CTA was established as an independent governmental agency (an Illinois municipal corporation) "separate and apart from all other government agencies" to consolidate Chicago's public and private mass transit carriers. The City Council of the City of Chicago has granted the CTA the exclusive right to operate a transportation system for the transportation of passengers within the City of Chicago.

The Regional Transportation Authority Act provides for the funding of public transportation in the six-county region of Northeastern Illinois. The Act established a regional oversight board (Regional Transportation Authority ("RTA")) and designated three service boards (Chicago Transit Authority, Commuter Rail Board and Suburban Bus Board). The Act requires, among other things, that the RTA approve the annual budget of the CTA, that the CTA obtain agreement from local governmental units to provide an annual monetary contribution of at least \$5,000,000 for public transportation and that the CTA (collectively with the other service boards) finance at least 50% of their operating costs, excluding depreciation and certain other items, from system-generated sources.

Financial Reporting Entity — In conformance with Governmental Accounting Standards Board standards, the CTA includes in its financial statements all funds over which the Chicago Transit Board exercises oversight responsibility. Oversight responsibility is defined to include the following considerations: selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, the scope of an organization's public service, and/or special financing relationships.

Based on the application of the above criteria, the fund established for the employees' pension plan has been determined not to be part of the reporting entity. The fund is a legal entity separate and distinct from the CTA. The fund is administered by its own oversight committee, of which the CTA appoints half the members, and over which the CTA has no direct authority. Accordingly, the accounts of this fund are not included in the accompanying financial statements.

The CTA is not considered a component unit of the RTA because, based on the application of the criteria described in the second preceding paragraph, the RTA does not exercise oversight responsibility in relation to the CTA. Although the RTA is required by the Act to approve the CTA's annual budget, the Act defines the sources of revenues to the RTA and the method of allocation to the CTA. Further, governing authority is entrusted to the Chicago Transit Board comprised of four members appointed by the Mayor of the City of Chicago and three members appointed by the Governor of the State of Illinois.

During 1990, the Governmental Accounting Standards Board issued an exposure draft of a proposed statement entitled "The Financial Reporting Entity". The proposed statement would establish standards for defining the financial reporting entity, including primary governments and component units. The CTA may be considered a component unit of the City of Chicago and may be required to submit financial information for inclusion in the footnotes to the City's financial statements or in the combined financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The operations of the CTA are accounted for on a proprietary fund basis. This basis is used when operations are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges, and the periodic determination of revenues earned, costs incurred, and net income is appropriate.

Fiscal Year — The operating cycle of the CTA is aggregated by week. The fiscal years ended December 29, 1990 and December 30, 1989 contained 52 weeks combined into 12 periods ended the last full week of December.

Basis of Accounting and Measurement Focus — The accounts of the CTA are reported using the "flow of economic resources" (cost of services) measurement focus and the accrual basis of accounting. Under the "flow of economic resources" measurement focus, all assets and liabilities are included on the balance sheet. Fund equity consists of contributed capital and accumulated deficit. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Investments — Investments are generally stated at cost or amortized cost. Adjustments are made to cost, for any premium or discount, which is amortized over the maturity of the investment. Investments designated for employees' deferred compensation benefits are stated at fair market value.

Chapter 85, Section 902 of the Illinois Revised Statutes authorizes the CTA to invest in obligations of the United States Treasury and United States agencies, direct obligations of any bank, commercial paper rated within the highest classification set by two standard rating services, or money market mutual funds investing in obligations of the United States Treasury and United States agencies.

Materials and Supplies — Materials and supplies inventories are stated at the lower of cost or market value. The CTA uses the average cost method to determine the cost of such inventories.

Transportation Property and Equipment and Depreciation — Transportation property (including major improvements) and equipment are recorded at cost. The cost of maintenance and repairs is charged to operations as incurred.

The provision for depreciation of transportation property and equipment is calculated under the straight-line method at amounts based on the respective estimated useful lives of major asset classifications, as follows:

	Years
Buildings	15
Elevated structures, track, tunnels and power system	20-50
Transportation vehicles:	
Motor buses	12
Rail cars	30-33
Signals	20
Other equipment	10

The transportation system operated by the CTA includes certain facilities owned by others. The estimated cost of these facilities is \$483,100,000 and \$48,100,000 at December 29, 1990 and December 30, 1989, respectively. The CTA has the exclusive right to operate these facilities under the terms of the authorizing legislation and other agreements.

Self-Insurance — The CTA provides for the present value of the self-insurance programs for public liability and property damage, workers' compensation and health benefit claims, as more fully described in Note 6. Claims are recorded in the year of occurrence. The public liability and property damage and workers' compensation programs are administered by the CTA. The health benefit program is administered primarily by an outside third party insurer for a service fee.

Compensated Absences — Substantially all employees receive compensation for vacations, holidays, illness and certain other qualifying absences. The number of days compensated for the various categories of absence is based generally on length of service. Vacation leave which has been earned but not paid has been accrued in the accompanying financial statements. Compensation for holiday, illness and other qualifying absences is not accrued in the accompanying financial statements because rights to such compensation amounts either do not accumulate or they do not vest.

Retirement Plan — The CTA has a retirement plan for all nontemporary full-time employees with service greater than one year. Pension expense recorded by the CTA includes a provision for current service costs and the amortization of past service cost over a period of approximately 30 years.

Reclassifications — Certain amounts in the 1989 financial statements have been reclassified to conform with the 1990 presentation.

Statement of Cash Flows — The statement of cash flows for fiscal year 1990, with restated comparative amounts for 1989, is presented in accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

Cash equivalents include deposits and other investments with maturities of three months or less when purchased. There were no significant interest payments during 1990 and 1989.

3. BUDGET AND BUDGETARY BASIS OF ACCOUNTING

The CTA is required by the Regional Transportation Authority Act to submit for approval an annual budget to the RTA by November 15 prior to the commencement of each fiscal year. The Metropolitan Transportation Authority Act requires that no expenditures for operations and maintenance in excess of budget be made without approval of the Chicago Transit Board.

The budget is prepared on a basis consistent with generally accepted accounting principles except for the exclusion of certain expenses which do not qualify under the Act for public funding, principally depreciation expense and pension expense in excess of pension contributions. CTA's actual expenses on a budgetary basis exceeded budgeted expenses before amendment by \$8,934,219 and \$779,511 in 1990 and 1989, respectively.

These expenses were offset by system revenue and did not require additional public funding. Budget amendments authorizing the actual level of expenses for both 1990 and 1989 were approved by the Chicago Transit Board. All annual appropriations lapse at fiscal year-end.

The RTA funds the budgets of the service boards rather than the actual operating expenses in excess of system-generated revenue. Favorable variances from budget remain as deferred operating assistance to the CTA, and can be used in future years with RTA approval.

The RTA approves the proposed budget based on a number of criteria:

- a. That the budget is in balance with regard to anticipated revenues from all sources including operating subsidies and the costs of providing services and funding operating deficits of encumbrances incurred in prior periods, including principal and interest due on outstanding indebtedness;
- b. That the budget provides for sufficient cash balances to pay with reasonable promptness all costs and expenses incurred;
- c. That the budget provides for the CTA to meet its required system-generated revenue recovery rates; and
- d. That the budget is reasonable, prepared in accordance with sound financial practices and complies with such other RTA requirements as the RTA Board of Directors may establish.

The RTA monitors the CTA's performance against the budget on a quarterly basis and if, in the judgment of the RTA, this performance is not substantially in accordance with CTA's budget for such period, the RTA shall so advise the CTA and the CTA must, within the period specified by the RTA, submit a revised budget to bring the CTA into compliance with the budgetary requirements listed above.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

Public depositories must provide security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge government securities, the face value of which is at least 110% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement.

During 1990, the CTA complied with the provisions the Illinois Revised Statutes pertaining to the types of investments held, institutions in which deposits were made and security requirements. The CTA will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

The carrying amount of the CTA's deposits was \$(4,762,569), including certificates of deposit of \$5,320,000 and a bank overdraft of \$10,082,569 at December 29, 1990. The carrying value of deposits was \$1,554,148, including certificates of deposit of \$8,420,000 and a bank overdraft of \$6,865,852 at December 30, 1989. Balances per the banks were \$8,703,935 and \$11,984,943 in 1990 and 1989, respectively. Of those bank balances, \$2,101,040 and \$2,106,722 were covered by federal depository insurance and \$6,602,895 and \$9,878,221 were uninsured in 1990 and 1989, respectively. The entire uninsured amounts were covered by collateral held by the CTA's custodial bank in the CTA's name.

The CTA's investments at year-end were entirely covered by a master trust agreement with a custodial bank. Under the terms of this agreement, the custodial bank or its agent holds all instruments in the CTA's name. Excluded from the master trust agreement are investments in pools of \$127,585,356 in 1990 and \$113,849,592 in 1989 managed by a third-party administrator under the Employees' Deferred Compensation Plan Agreement.

The CTA's investments are detailed below and are categorized to give an indication of the level of risk assumed as of year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the custodial bank in the CTA's name. Category 2 includes investments that are uninsured and unregistered for which the securities are held by the counterparty in the CTA's name. Category 3 includes uninsured or unregistered investments for which securities are held by the counterparty or by their trust department or agent but not in the CTA's name.

	Risk Category			Carrying Amount	Market Value
	1	2	3		
United States					
Treasury securities	\$23,929,711	\$ -	\$ -	\$23,929,711	\$24,659,025
Commercial paper	20,863,512			20,863,512	20,863,512
Repurchase agreements	9,965,000			9,965,000	9,965,000
	54,758,223	-	-	54,758,223	\$55,487,537
Certificates of deposit				5,320,000	
Total cash and cash equivalents and investments				\$60,078,223	

Restricted cash and investments are comprised of the following amounts:

	1990	1989
Monies committed for capital expenditures	\$16,630,038	\$20,114,697
Injury and damage reserve—Note 6	19,907,554	21,980,030
Group health reserve—Note 6	16,556,534	
	\$53,094,126	\$42,094,727

5. PUBLIC FUNDING FROM THE REGIONAL TRANSPORTATION AUTHORITY

As discussed in Note 1, the Regional Transportation Authority Act ("Act") established the RTA as a regional oversight board and defined the sources of funding to the RTA. Under the Act, each service board is entitled to a portion of the funds received by RTA. The allocation of these funds to each service board is based on various methods as defined in the Act. For fiscal years 1990 and 1989, the CTA's allocations of funds received from the RTA were \$335,770,976 and \$321,708,000, respectively, which were used to substantially fund the 1990 and 1989 operating deficits. In addition, CTA operations provided \$8,133,694 in 1990 and \$1,840,977 in 1989 of deferred operating assistance available for use in future years.

The components of budgeted operating assistance received from the RTA were as follows:

	1990	1989
UMTA operating assistance	\$ 42,539,730	\$ 42,608,130
Illinois state sales tax allocation	147,895,180	185,957,235
Replacement and use tax	43,007,240	
Public Transportation Fund	97,300,000	91,006,000
RTA discretionary funding	5,028,826	2,136,635
	<u>\$335,770,976</u>	<u>\$321,708,000</u>

6. INJURY AND DAMAGE, GROUP HEALTH INSURANCE AND WORKERS' COMPENSATION SELF-INSURANCE PROGRAMS

Chapter 111 2/3, Section 339 of the Illinois Revised Statutes requires the CTA to establish a damage reserve in order to provide for the adjustment, defense, and satisfaction of all suits, claims, demands, rights and causes of action, and the payment and satisfaction of all judgments entered against the CTA for damages caused by injury to or death of any person and for damages to property resulting from the construction, maintenance and operation of the transportation system.

The statute also requires the CTA to separately fund the damage reserve. For a period of time prior to 1987, transfers from unrestricted cash were made into the damage reserve cash account only when required to meet current obligations. It is the present policy of the CTA to fund the current provision for the damage reserve.

At December 29, 1990 and December 30, 1989, unrestricted cash and short-term investments amounting to \$27,182,325 and \$25,001,434, respectively, would need to be transferred to restricted cash and short-term investments in order to separately fund the damage reserve. See Note 4 regarding amounts maintained in this account.

The CTA participates in a Loss Financing Plan ("Plan") with the RTA that permits the CTA to receive monies necessary to pay damages and losses in excess of \$2.5 million per occurrence up to a maximum of \$47.5 million from a fund established by the RTA. The CTA is obligated to reimburse the fund for any damages paid; however, in no event shall reimbursement payments including interest exceed \$3.5 million in any one year. As of December 29, 1990, the CTA had drawn \$2.5 million from the Plan to pay damages and losses.

During the year ended December 29, 1990, the CTA established a self-insurance program for health benefits. The CTA is also self-insured for workers' compensation claims for its employees. A liability for each self-insured risk is provided based upon the present value of the estimated ultimate cost of settling claims using case-by-case review and historical experience, adjusted for current trends and a discount factor of 7.5%. A liability for claims incurred but not reported is also provided.

Changes in the self-insurance accounts were as follows:

	Injury and Damage	Group Health	Workers' Compensation
Balance at January 1, 1989	\$ 48,396,591	\$	\$14,005,957
Provision	17,612,100		11,183,722
Payments	(19,027,227)		(9,755,679)
Balance at December 30, 1989	46,981,464	-	15,434,000
Establishment of Self-insurance Fund	15,079,180		
Provision	22,400,000	54,472,979	11,507,511
Payments	(24,791,585)	(52,995,625)	(9,983,323)
Balance at December 29, 1990	\$ 44,589,879	\$6,556,534	\$16,958,188

7. EMPLOYEES' DEFERRED COMPENSATION PLAN

The CTA offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all CTA employees, permits deferral of a portion of compensation until future years. The deferred amount is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the CTA (without being restricted to the provisions of benefits under the plan), subject only to the claims of the CTA's general creditors. Participants' rights under the plan are equal to those of general creditors of the CTA in an amount equal to the fair market value of the deferred amount for each participant.

It is the opinion of the CTA's plan counsel that the CTA has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The CTA believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

Participating employees may request that their deferred compensation be invested, at the discretion of the CTA, in any of several investment funds. The recorded amounts are stated at aggregate fair market value of such investment funds. All costs and expenses of administering the plan are borne by the participants.

Plan activity was as follows:

	1990	1989
Balance at beginning of year	\$113,849,592	\$ 92,688,468
Additions (deductions):		
Employee contributions	12,986,963	12,599,768
Plan earnings and other adjustments	7,743,899	13,878,167
Employee withdrawals	(6,841,395)	(5,202,916)
Administrative expenses	(153,703)	(113,895)
Balance at end of year	\$127,585,356	\$113,849,592

8. TRANSPORTATION PROPERTY AND EQUIPMENT

As of December 29, 1990, CTA has capital grant contracts with the United States Department of Transportation, Urban Mass Transportation Administration (UMTA), with the State of Illinois Department of Transportation (IDOT) under the Transportation Bond Act and with the RTA for a total of approximately \$2.1 billion. Under these contracts, the CTA has acquired rapid transit cars and is constructing, renewing and improving various portions of track structures and related operating facilities and systems. It is anticipated that UMTA will finance approximately

80% of the total cost of these projects, with the balance of the cost being financed principally by IDOT and the RTA. From the inception of the grant program in 1972, through December 29, 1990, approximately \$1.3 billion has been expended by the CTA under these capital grant contracts, and substantial commitments have been entered into for the remainder. In addition to the federal capital grant contracts above, the CTA has local capital grant contracts, which are 100% funded by the RTA. These local contracts total \$219,000,000, of which \$34,000,000 has been expended through December 29, 1990.

Funding sources for transportation property and equipment of the CTA are as follows:

	1990	1989
Funding source:		
Federal (UMTA)	\$1,126,258,075	\$1,001,011,081
State (principally IDOT)	252,866,520	243,485,491
City of Chicago	112,819,326	111,729,931
CTA (generally prior to 1973)	116,273,835	118,533,737
Other	26,437,726	29,816,510
	<u>\$1,634,655,482</u>	<u>\$1,504,576,750</u>

9. DEFINED BENEFIT PENSION PLANS

Plan Descriptions — The CTA maintains three trustee, single-employer, defined benefit pension plans covering substantially all full-time permanent union and non-union employees and Chicago Transit Board members (collectively "Plans"). The Employees' Retirement Plan ("Union Plan") is governed by the terms of the employees' collective bargaining agreement. The Retirement Plan for Board Members and the Supplemental Retirement Plan for Officers, Executives, Supervisory and Professional Employees ("Supplemental Plans") provide benefits in addition to the Union Plan to management employees and Chicago Transit Board members.

Substantially all nontemporary full-time employees who have completed 12 months of continuous service are covered by the Plans. Employees who retire at or after age 65 (or after completion of 25 years of continuous service with full benefits or at age 55 with reduced benefits) are entitled to an annual retirement benefit payable monthly for life, in an amount based upon compensation and credited service. The Union Plan also provides death, disability and hospitalization benefits.

The covered payroll for the Union Plan for 1990 and 1989 was \$388,390,050 and \$365,023,585, respectively. The covered payroll for the Supplemental Plans for 1990 and 1989 was \$13,213,002 and \$11,057,476, respectively. The CTA's total payroll in 1990 and 1989 was \$429,275,125 and \$403,468,345, respectively.

Funding Status and Progress — The amounts shown in the table below as the "pension benefit obligation" are standard disclosure measures of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The standard measure is intended to help users assess the funding status of the Plans on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the system.

The pension benefit obligations for the Plans were computed as part of actuarial valuations performed as of January 1, 1990. Significant actuarial assumptions used in the valuations include (a) a rate of return on the investment of present and future assets of 8.25% per year, (b) projected inflationary salary increases of 5% per year, and (c) no postretirement benefit increases. There were no significant assumption changes from the January 1, 1989 valuation.

The total unfunded pension benefit obligation applicable to the Plans at January 1 is disclosed in the table below:

	Union Plan		Supplemental Plans	
	1990	1989	1990	1989
Pension benefit obligation:				
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 375,805,000	\$ 359,232,000	\$ 6,160,659	\$ 5,524,245
Current employees:				
Accumulated employee contributions including allocated investment earnings	136,035,000	129,117,000	118,335	99,540
Employer-financed vested	394,757,000	373,962,000	4,119,572	3,625,252
Employer-financed nonvested	70,237,000	83,755,000		
Total pension benefit obligation	985,834,000	946,066,000	10,398,566	9,249,037
Net assets available for plan benefits, at market value	962,076,000	842,593,000	6,911,053	6,143,223
Unfunded pension benefit obligation	<u>\$ 23,758,000</u>	<u>\$ 103,473,000</u>	<u>\$ 3,487,513</u>	<u>\$ 3,105,814</u>

Contributions Required and Contributions Made — The contribution requirement for the Union Plan is not actuarially determined; the funding policy was established by the terms of the employees' collective bargaining agreement. The CTA is required to contribute 7.5% of covered payroll and participants with service greater than one year are required to contribute 3.0% of their compensation. The CTA's contributions to the Union Plan for fiscal 1990 and 1989 were \$29,205,000 and \$27,482,682 and CTA employees contributed \$11,686,000 and \$10,949,329 in 1990 and 1989, respectively. The contribution to the Supplemental Plans was actuarially determined and was \$1,180,095 and \$996,773 for 1990 and 1989, respectively.

As determined by actuarial computations performed for 1990 and 1989, the contributions are not adequate to amortize each component of the current unfunded past service liability over a 30-year period. The contribution deficiency for the Union Plan including interest, as computed by the actuary, was \$4,765,000 and \$3,159,000 for 1990 and 1989, respectively.

Trend Information — The following trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due:

Union Plan	1990	1989	1988
Net assets available for benefits (at current value) expressed as a percentage of the pension benefit obligation (percentage funded)	98%	89%	85%
Unfunded pension benefit obligation expressed as a percentage of annual covered payroll	6	28	37
Employer contributions expressed as a percentage of annual covered payroll	7.5	7.5	7.1
Supplemental Plans	1990	1989	1988
Net assets available for benefits (at current value) expressed as a percentage of the pension benefit obligation (percentage funded)	66%	66%	N/A
Unfunded pension benefit obligation expressed as a percentage of annual covered payroll	26	28	N/A
Employer contributions expressed as a percentage of annual covered payroll	31	33	N/A

Additional trend information presenting the progress in accumulating sufficient assets to pay benefits may be found in the Plans' annual reports or actuarial reports. An actuarial report was not prepared for the Supplemental Plans for 1988.

10. CONTRIBUTED CAPITAL

Donated assets or grants for the acquisition of capital assets are recorded as contributions of capital. Depreciation recognized on assets donated or acquired through capital grants has been applied to the appropriate contributed capital account.

Changes in contributed capital are as follows:

	Contributed Capital			
	Federal	State	Other	Total
Balance at January 1, 1988	\$663,237,314	\$166,169,327	\$183,293,030	\$1,012,699,671
Transfer of provision for depreciation of transportation property and equipment acquired through capital grants	(+2,959,193)	(9,780,937)	(2,208,953)	(54,949,083)
Contributions for transportation property and equipment additions and improvements	34,430,779	4,234,295	5,583,402	44,248,476
Balance at December 30, 1989	654,708,900	160,622,685	186,667,479	1,001,999,064
Transfer of provision for depreciation of transportation property and equipment acquired through capital grants	(38,397,117)	(9,062,999)	(10,673,294)	(58,133,410)
Contributions for transportation property and equipment additions and improvements	55,792,503	7,070,928	10,871,561	73,734,991
Balance at December 29, 1990	\$672,104,286	\$158,630,614	\$186,865,746	\$1,017,600,645

11. ACCUMULATED DEFICIT

The accumulated deficit primarily represents operating costs not eligible for reimbursement under the RTA agreement, principally consisting of accrued pension costs in excess of pension contributions and depreciation expense on CTA funded assets. It is anticipated that the accumulated deficit will be reduced in future years as funding of pension liabilities exceeds the amount of pension expense provided.

12. COMMITMENTS AND CONTINGENCIES

The CTA is party to numerous legal proceedings arising in the normal course of operations. Resolution of all legal proceedings is not, in the opinion of management, likely to have a material adverse impact on the CTA's financial position.

The CTA participates in a number of Federal and state assisted grant programs, which are subject to audit to ensure compliance with the grant provisions. Based upon past experience and management's judgment, the CTA has made a provision for questioned costs. CTA management expects such provision to be adequate to cover actual future amounts to be disallowed.

**CHICAGO TRANSIT AUTHORITY
SUPPLEMENTARY INFORMATION**

**CHICAGO TRANSIT AUTHORITY
SCHEDULE OF EXPENSES AND REVENUES—
BUDGET AND ACTUAL—BUDGETARY BASIS
FISCAL YEAR ENDED DECEMBER 29, 1990**

		Actual— Budgetary Basis	Original Budget¹	Variance Favorable (Unfavorable)
OPERATING EXPENSES	Labor	\$528,175,177	\$525,645,160	\$(2,530,017)
	Materials and supplies	66,795,298	62,668,765	(4,126,533)
	Fuel for revenue equipment	18,808,691	14,685,591	(4,123,100)
	Electric power for revenue equipment	20,055,268	22,646,858	2,591,590
	Provision for injuries and damages	22,400,000	17,500,000	(4,900,000)
	Maintenance and repairs, utilities, rent, and other	60,878,039	65,031,880	4,153,841
		<u>717,112,473</u>	<u>708,178,254</u>	<u>(8,934,219)</u>
SYSTEM-GENERATED REVENUES	Fares and passes	335,638,328	325,231,946	10,406,382
	Reduced fare reimbursements	34,405,874	29,919,000	4,486,874
	Advertising and concessions	4,391,525	4,396,000	(4,475)
	Interest income	6,304,814	5,006,000	1,298,814
	Contributions from local government units	5,000,000	5,000,000	-
	Other revenue	3,734,650	3,373,000	361,650
	Total system-generated revenues (A)	<u>389,475,191</u>	<u>372,925,946</u>	<u>16,549,245</u>
PUBLIC FUNDING FROM RTA	Operating expenses in excess of system-generated revenue	327,637,282	335,252,308	7,615,026
	Operating assistance	327,637,282	335,252,308	7,615,026
NET LOSS — Budgetary Basis		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS	Provision for depreciation	\$62,125,093		
	Pension expense in excess of pension contributions	11,320,000		
	Net loss — GAAP Basis	<u>\$73,445,093</u>		
CTA RECOVERY RATIO	Total operating expenses	\$717,112,473	\$708,178,254	
	Less: mandated security costs	5,118,425	4,885,673	
	Sub-total (B)	<u>\$711,994,048</u>	<u>\$703,292,581</u>	
	Recovery Ratio (A) ÷ (B)	<u>54.70%</u>	<u>53.02%</u>	

¹ Final budget was amended to authorize actual level of expenses.

SECTION III

Statistical Section

FINANCIAL

Operating Expense by Function, 1981–1990

Operating Revenues by Source, 1981–1990

Recovery Ratio, 1981–1990

Schedule of Bonded Debt at Fiscal Year End, 1981–1990

FUNDING

Taxes Allocated by Statute to CTA, 1984–1990

Deferred Operating Assistance, 1984–1990

OPERATING

Unlinked Passenger Trips, 1981–1990

Passenger Miles, 1981–1990

Vehicle Revenue Miles, 1981–1990

Fuel and Power Costs for Revenue Equipment, 1981–1990

Employee Equivalents, 1981–1990

PROPERTY

Capital Grants Awarded (From Inception of Grant Program)

Age of the Fleet, 1981–1990

DEMOGRAPHICS

Note: Unless otherwise noted, all data is drawn from CTA accounting records or from CTA annual Section 15 reports.

CHICAGO TRANSIT AUTHORITY OPERATING EXPENSE BY FUNCTION, 1981-1990

(millions of dollars)

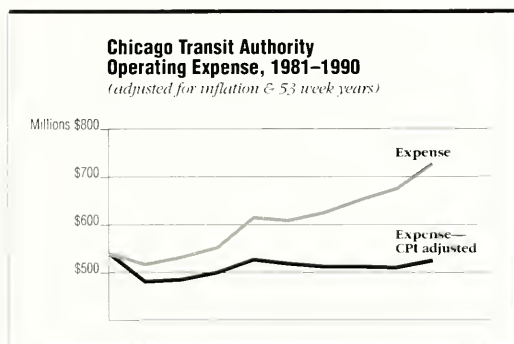
Function	1981	1982	1983*	1984	1985	1986	1987	1988*	1989	1990
Transportation	\$280.2	\$266.3	\$282.6	\$283.1	\$302.0	\$300.1	\$304.2	\$313.2	\$321.2	\$346.2
Vehicle maintenance	112.5	119.3	132.1	132.1	141.6	142.9	148.2	164.7	163.0	177.6
Plant maintenance	53.4	51.1	55.5	58.9	67.1	68.1	69.1	81.1	82.0	87.6
Motor fuel	29.5	25.7	22.4	21.5	20.2	11.8	12.4	11.4	13.8	18.8
Rail power	12.7	14.2	16.9	18.8	20.7	22.9	22.7	21.1	22.3	20.1
Provision for injuries and damages	18.2	10.5	10.2	11.0	15.5	24.2	24.2	17.9	17.6	22.4
Administration	33.4	26.5	24.5	32.9	41.9	36.3	45.7	53.8	57.2	55.7
Total expense	\$539.9	\$513.6	\$544.2	\$558.3	\$609.0	\$606.3	\$626.5	\$663.2	\$677.1	\$728.4

Adjustment for Inflation

Expense restated to 52 week years (where applicable)			\$533.9					\$650.7		
Consumer Price Index	268.4	286.9	294.8	299.4	308.6	313.8	326.2	338.6	355.8	375.4
Expense adjusted for inflation (using 1981 as base year)	\$539.9	\$480.5	\$486.1	\$500.5	\$529.7	\$518.6	\$515.5	\$515.8	\$510.8	\$520.8

CPI Source: United States Department of Labor, Bureau of Labor Statistics, Urban Wage Earners and Clerical Workers, Chicago, Illinois - Northwest Indiana

* = 53 week year



CHICAGO TRANSIT AUTHORITY OPERATING REVENUES BY SOURCE, 1981-1990

(millions of dollars)

Revenue	1981	1982	1983*	1984	1985	1986	1987	1988*	1989	1990
Farebox Passes	\$214.5	\$216.0	\$216.4	\$219.0	\$217.8	\$224.9	\$222.4	\$244.0	\$243.0	\$266.9
	48.2	46.9	47.6	51.4	55.2	75.6	78.9	79.6	75.3	68.7
Total fares	262.7	262.9	264.0	270.4	273.0	300.5	301.3	323.6	318.3	335.6
Reduced fare reimbursements	-	-	-	-	-	-	-	-	13.2	34.4
Advertising and other	4.1	3.8	4.4	5.2	5.8	7.4	7.2	7.3	6.7	7.9
Interest	2.0	2.0	1.2	3.3	7.3	6.2	6.0	6.0	6.1	6.3
Local government contributions	-	-	-	16.8	5.0	5.0	5.0	5.0	5.3	5.0
Charter service	0.8	0.7	0.6	0.6	0.6	0.7	0.6	0.5	0.3	0.3
Sale of tax benefits	-	2.1	4.0	2.7	4.0	2.9	1.2	-	-	-
Total system revenue	269.6	271.5	274.2	299.0	295.7	322.7	321.3	342.4	349.9	389.5
Public funding	270.5	222.7	253.9	241.7	289.3	268.3	297.9	311.3	319.9	327.6
Total revenue	\$540.1	\$494.2	\$528.1	\$540.7	\$585.0	\$591.0	\$619.2	\$653.7	\$669.8	\$717.1

* = 53 week year

RECOVERY RATIO, 1981 - 1990

(Percent of operations funded by system revenues)

(millions of dollars)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Operating expense (GAAP Basis)	\$539.9	\$513.6	\$544.2	\$558.3	\$609.0	\$606.3	\$626.5	\$663.2	\$677.1	\$728.4
Adjustments to budgetary basis										
Less: Accrued pension cost	-	(16.1)	(15.6)	(17.6)	(24.0)	(15.3)	(7.3)	(9.5)	(7.4)	(11.3)
Special service assistance	-	-	-	-	-	(2.3)	(0.7)	-	-	-
Security costs exempt from recovery ratio	-	-	-	-	-	-	-	-	(1.0)	(5.1)
Operating expenditures (budgetary basis)	\$539.9	\$497.5	\$528.6	\$540.7	\$585.0	\$588.7	\$618.5	\$653.7	\$668.7	\$712.0
System revenue (GAAP Basis)	\$269.6	\$271.5	\$274.2	\$299.0	\$295.7	\$322.7	\$321.3	\$342.4	\$349.9	\$389.5
Adjustments to budgetary basis										
Less: Reduced fare reimbursement excluded from recovery ratio	-	-	-	-	-	-	-	-	(13.2)	-
System revenues (budgetary basis)	\$269.6	\$271.5	\$274.2	\$299.0	\$295.7	\$322.7	\$321.3	\$342.4	\$336.7	\$389.5
Recovery ratio:										
System revenue as a percent of operating expenditures	49.9%	54.6%	51.9%	55.3%	50.5%	54.8%	52.0%	52.4%	50.4%	54.7%

CHICAGO TRANSIT AUTHORITY
SCHEDULE OF BONDED DEBT AT FISCAL YEAR END, 1981-1990

(millions of dollars)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
1954 24½% Revenue bonds										
Due in 1982, original issue										
\$23,000,000	\$13.3	-	-	-	-	-	-	-	-	-
1953 4½% Revenue bonds										
Due in 1982, original issue										
\$7,000,000	4.2	-	-	-	-	-	-	-	-	-
1984 7¼% Grant anticipation notes										
Dated December 15, 1984, issued January 15, 1985 and defeased in 1985	-	-	-	-	-	-	-	-	-	-
1985 6¼% Revenue anticipation notes										
Dated November 14, 1985, issued December 4, 1985 and defeased in 1986	-	-	-	-	\$40.0	-	-	-	-	-
1986 47⁄8% Revenue anticipation notes										
Dated and issued July 10, 1986, matured in 1987	-	-	-	-	-	\$40.0	-	-	-	-
Total outstanding at end of year	<u>\$17.5</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$40.0</u>	<u>\$40.0</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

CHICAGO TRANSIT AUTHORITY TAXES ALLOCATED BY STATUTE TO CTA, 1984-1990

(millions of dollars)

Since 1984, certain RTA imposed sales taxes are allocated directly to CTA by statute. Beginning in 1990, some of the sales taxes have been replaced by monies from the State general sales tax. Details of these collections follow.

	1984	1985	1986	1987	1988	1989	1990
Sales tax collections							
Chicago	\$119.3	\$124.0	\$132.2	\$136.9	\$146.0	\$149.1	\$118.2
Cook County (outside Chicago)	175.4	182.8	197.4	207.5	226.3	232.3	186.1
Other counties	33.6	35.7	39.0	42.1	46.4	48.6	49.9
Total collections	<u>328.3</u>	<u>342.5</u>	<u>368.6</u>	<u>386.5</u>	<u>418.7</u>	<u>430.0</u>	<u>354.2</u>
Allocated by statute to CTA							
Chicago (85%)	101.4	105.4	112.4	116.4	124.1	126.7	100.4
Cook County (25.5%)	44.7	46.6	50.3	52.9	57.7	59.2	47.5
Total sales tax	<u>146.1</u>	<u>152.0</u>	<u>162.7</u>	<u>169.3</u>	<u>181.8</u>	<u>185.9</u>	<u>147.9</u>
Occupation and Use Tax replacement	-	-	-	-	-	-	43.0
Total allocated to CTA	<u>\$146.1</u>	<u>\$152.0</u>	<u>\$162.7</u>	<u>\$169.3</u>	<u>\$181.8</u>	<u>\$185.9</u>	<u>\$190.9</u>
Operating expense	\$558.3	\$609.0	\$606.3	\$626.5	\$663.2	\$677.1	\$728.4
Percent of operations funded by allocated taxes	26.2%	25.0%	26.8%	27.0%	27.4%	27.5%	26.2%

DEFERRED OPERATING ASSISTANCE, 1984-1990

(millions of dollars)

As noted in the letter of transmittal, the Authority is able to retain the benefits of operating efficiencies. Since 1984, RTA has funded the annual budget rather than the deficit. Savings achieved, and available for future years are detailed below.

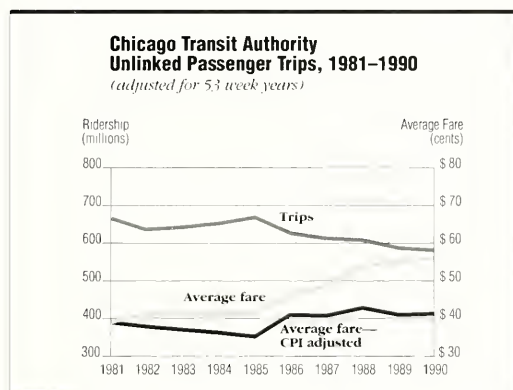
	1984	1985	1986	1987	1988	1989	1990	Total
Budgeted funding	\$245.0	\$308.5	\$297.3	\$285.9	\$309.8	\$321.7	\$335.8	
Actual deficit	241.7	289.3	268.3	297.9	311.3	319.9	327.9	
Positive variance	3.3	19.2	29.0	(12.0)	(1.5)	1.8	7.9	
Applied to:								
Capital projects	(1.8)	(15.3)	(1.3)	(1.0)	-	(16.7)	-	
Deferred assistance @ 12.29.90	<u>\$ 1.5</u>	<u>\$ 3.9</u>	<u>\$ 27.7</u>	<u>\$(13.0)</u>	<u>\$ (1.5)</u>	<u>\$ (14.9)</u>	<u>\$ 7.9</u>	\$11.6
Reserved for:								
Subsequent years								(1.3)
Fiscal year conversion								(1.4)
Deferred assistance available								<u>\$ 8.9</u>

CHICAGO TRANSIT AUTHORITY UNLINKED PASSENGER TRIPS, 1981-1990

(millions of trips)

Passenger Trips	1981	1982	1983*	1984	1985	1986	1987	1988*	1989	1990
Bus	491.5	468.1	474.0	483.3	486.5	465.9	438.7	430.1	420.6	421.2
Rail	173.1	170.1	173.1	177.4	179.7	168.0	171.3	174.4	168.7	165.7
Demand response	-	0.1	0.1	0.1	0.2	0.5	0.8	0.9	0.9	0.9
Total	664.6	638.3	647.2	660.8	666.4	634.4	610.8	605.4	590.2	587.8
Average fare	39.5¢	41.2¢	40.8¢	40.9¢	41.0¢	47.4¢	49.3¢	53.5¢	53.9¢	57.1¢

* = 53 week year



**CHICAGO TRANSIT AUTHORITY
PASSENGER MILES, 1981-1990**

(millions of miles)

Passenger Miles	1981	1982	1983*	1984	1985	1986	1987	1988*	1989	1990
Bus	1,130.8	1,076.7	1,101.7	1,103.8	1,163.4	1,125.2	1,056.3	1,002.1	1,034.2	977.1
Rail	1,263.9	1,241.9	1,263.7	1,097.8	1,141.5	1,067.3	1,136.4	1,081.5	1,050.9	1,019.3
Demand response	-	1.2	1.0	1.2	1.4	3.6	6.2	6.9	7.3	7.5
Total	<u>2,394.7</u>	<u>2,319.8</u>	<u>2,366.4</u>	<u>2,202.8</u>	<u>2,306.3</u>	<u>2,196.1</u>	<u>2,198.9</u>	<u>2,090.5</u>	<u>2,092.4</u>	<u>2,003.9</u>

VEHICLE REVENUE MILES, 1981-1990

(millions of miles)

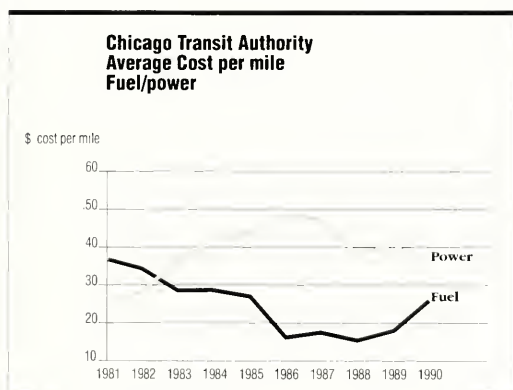
Vehicle Revenue Miles	1981	1982	1983*	1984	1985	1986	1987	1988*	1989	1990
Bus	77.6	74.3	75.5	72.3	72.2	72.3	72.4	74.2	72.8	72.6
Rail	49.8	48.8	46.4	45.6	47.6	46.5	47.0	55.1	54.6	56.6
Demand response	-	0.6	1.0	0.9	1.0	2.6	4.1	4.3	4.7	4.7
Total	<u>127.4</u>	<u>123.7</u>	<u>122.9</u>	<u>118.8</u>	<u>120.8</u>	<u>121.4</u>	<u>123.5</u>	<u>133.6</u>	<u>132.1</u>	<u>133.9</u>

* = 53 week year

CHICAGO TRANSIT AUTHORITY
FUEL AND POWER COSTS FOR REVENUE EQUIPMENT, 1981-1990

	1981	1982	1983*	1984	1985	1986	1987	1988*	1989	1990
Cost (in millions)										
Fuel	\$29.5	\$25.7	\$22.4	\$21.5	\$20.2	\$11.8	\$12.4	\$11.4	\$13.8	\$18.8
Power	12.7	14.2	16.9	18.8	20.7	22.9	22.7	21.1	22.3	20.1
Total	<u>\$42.2</u>	<u>\$39.9</u>	<u>\$39.3</u>	<u>\$40.3</u>	<u>\$40.9</u>	<u>\$34.7</u>	<u>\$35.1</u>	<u>\$32.5</u>	<u>\$36.1</u>	<u>\$38.9</u>
Revenue miles (in millions)										
Bus	\$ 77.6	\$ 74.9	\$ 76.5	\$ 73.2	\$ 73.2	\$ 72.3	\$ 72.4	\$ 74.2	\$ 72.8	\$ 72.6
Rail	49.8	48.8	46.4	45.6	47.6	46.5	47.0	55.1	54.6	56.6
Total	<u>\$127.4</u>	<u>\$123.7</u>	<u>\$122.9</u>	<u>\$118.8</u>	<u>\$120.8</u>	<u>\$118.8</u>	<u>\$119.4</u>	<u>\$129.3</u>	<u>\$127.4</u>	<u>\$129.2</u>
Average cost/mile (in dollars)										
Fuel	\$0.38	\$0.34	\$0.29	\$0.29	\$0.28	\$0.16	\$0.17	\$0.15	\$0.19	\$0.26
Power	\$0.26	\$0.29	\$0.36	\$0.41	\$0.43	\$0.49	\$0.48	\$0.38	\$0.41	\$0.36

* = 53 week year



**CHICAGO TRANSIT AUTHORITY
EMPLOYEE EQUIVALENTS, 1981-1990**

	1981	1982	1983*	1984	1985	1986	1987	1988*	1989	1990
Transportation:										
Bus	5,419.8	5,066.0	5,082.4	4,957.7	5,009.0	4,983.6	4,941.7	4,973.2	4,857.0	4,688.6
Rail	2,137.3	2,014.2	2,116.6	2,104.5	2,094.2	2,193.8	2,191.6	2,321.2	2,287.7	2,233.6
Demand response	-	49.2	43.8	51.0	58.2	4.2	6.7	12.1	14.2	18.6
Total	7,557.1	7,129.4	7,242.8	7,113.2	7,161.4	7,181.6	7,140.0	7,306.5	7,158.9	6,940.8
Vehicle maintenance:										
Bus	1,286.8	1,207.2	1,251.2	1,270.6	1,238.4	1,278.7	1,372.1	1,587.3	1,449.1	1,367.4
Rail	668.3	622.3	702.2	695.8	617.0	683.1	720.8	747.0	764.7	694.0
Demand response	-	13.5	16.2	17.6	15.1	0.1	-	-	-	-
Total	1,955.1	1,843.0	1,969.6	1,984.0	1,870.5	1,961.9	2,092.9	2,334.3	2,213.8	2,061.4
Other maintenance:										
Bus	448.5	411.7	384.8	384.4	247.2	293.5	373.5	411.0	383.8	387.1
Rail	800.7	750.8	765.0	766.9	894.4	856.1	790.3	905.9	842.2	863.9
Demand response	-	1.3	1.3	1.4	1.5	-	-	-	-	-
Total	1,249.2	1,163.8	1,151.1	1,152.7	1,143.1	1,149.6	1,163.8	1,316.9	1,226.0	1,251.0
Administration:										
Bus	436.4	344.6	344.8	337.7	310.1	327.8	355.3	385.7	367.3	566.0
Rail	296.5	239.6	259.3	253.7	248.1	273.4	293.1	341.2	312.9	502.7
Demand response	-	0.8	7.5	6.9	0.7	-	-	-	-	-
Total	732.9	585.0	611.6	598.3	558.9	601.2	648.4	726.9	680.2	1,068.7
Capital labor:										
Bus	92.9	88.4	77.8	61.0	57.4	58.8	66.4	70.3	85.5	107.9
Rail	382.7	289.5	289.7	273.0	303.3	323.7	269.9	269.3	281.8	385.0
Demand response	-	-	-	-	-	-	-	0.2	-	-
Total	475.6	377.9	367.5	334.0	360.7	382.5	336.3	339.8	367.3	492.9
Grand total	11,969.9	11,099.1	11,342.6	11,182.2	11,094.6	11,276.8	11,381.4	12,024.4	11,646.2	11,814.8

Note: Employee equivalents are aggregated in Section 15 reporting format. This format generally includes significant fare-collection effort in "Administration" and has been altered in 1990 to include additional fare collection costs.

* = 53 week year

CHICAGO TRANSIT AUTHORITY
CAPITAL GRANTS AWARDED (Federal Program)
(in millions)

CTA Fiscal Year	Amounts Awarded	
	Current	Cumulative
1972	\$140.4	\$ 140.4
1973	-	140.4
1974	95.5	235.9
1975	102.7	338.6
1976	64.4	403.0
1977	63.8	466.8
1978	70.3	537.1
1979	61.6	598.7
1980	105.5	704.2
1981	73.2	777.4
1982	113.6	891.0
1983	134.0	1,025.0
1984	101.9	1,126.9
1985	163.1	1,290.0
1986	140.6	1,430.6
1987	101.3	1,531.9
1988	76.8	1,608.7
1989	270.9	1,879.6
1990	229.6 *	\$2,109.2

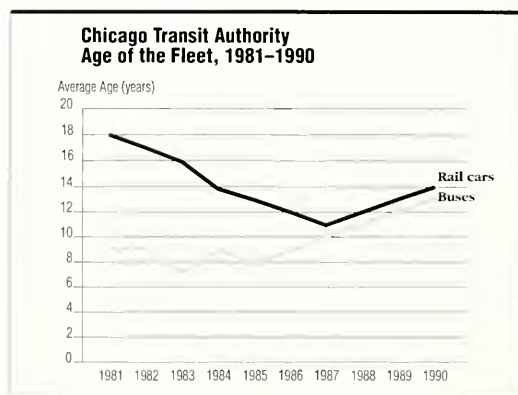
* An additional \$170.2 million of regional grants was awarded during 1990.

SOURCE AND USE OF CAPITAL GRANTS AWARDED (Federal Program)
at 12/29/1990, from inception in 1972
(in millions)

Source of Grants Awarded		Use of Grants Awarded		
Funding Agency	Grant Amount	Budget Category	Budget Amount	Expended/ Obligated
Federal	\$1,654.0	Rail cars	\$ 769.3	\$ 739.1
State	296.7	Buses	381.2	374.4
RTA	157.8	Buildings	306.3	273.4
Other	0.7	Track & structure	290.0	270.5
		Other	362.4	293.0
Total	<u>\$2,109.2</u>	Total	<u>\$2,109.2</u>	<u>\$1,950.4</u>

**CHICAGO TRANSIT AUTHORITY
AGE OF THE FLEET, 1981-1990**

Year	Average Age Railcars	Buses
1981	18	9
1982	17	9
1983	16	7
1984	14	9
1985	13	8
1986	12	9
1987	11	10
1988	12	11
1989	13	12
1990	14	13



CHICAGO TRANSIT AUTHORITY
CITY OF CHICAGO DEMOGRAPHIC STATISTICS, 1970-1990

Year	Population	Per capita Income	Median Age	Education Level	Public School Enrollment	Average Unemployment Rate
1970	3,366,957	\$ 3,420	29.6	11.2	577,679	3.9 %
1980	3,004,192	8,333	29.4	12.2	458,497	8.9 %
1990	2,783,726	10,806 ⁽¹⁾	Not available	Not available	408,714	7.7 %

Sources: Population - 1970,1980 & 1990 Decennial Census of Population
Per capita income - U. S. Census Bureau
Median age & Education level - 1970 & 1980 Decennial Census of Population
Public school enrollment - Chicago Board of Education
Average unemployment rate - 1970 Chicago Mayor's Office of Manpower; 1980 & 1990, Illinois Department of Employment Security

⁽¹⁾ Local estimate for 1987

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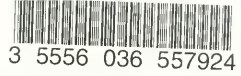
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